

WILLIAM A. MUNDELL
CHAIRMAN
JIM IRVIN
COMMISSIONER
MARC SPITZER
COMMISSIONER

22
ORIGINAL



OPEN MEETING ITEM



0000008453

BRIAN C. McNEIL
EXECUTIVE SECRETARY

ARIZONA CORPORATION COMMISSION APR -2 A 9:53

DATE: April 2, 2001
DOCKET NOS: T-0367⁰A-00-0446
TO ALL PARTIES:

AZ CORP COMMISSION
DOCUMENT CONTROL
Arizona Corporation Commission
DOCKETED

APR 02 2001

DOCKETED BY

Enclosed please find the recommendation of Administrative Law Judge Stephen G. Belli.
The recommendation has been filed in the form of an Order on:

WINSTAR WIRELESS, INC.
(FINANCING)

Pursuant to A.A.C. R14-3-110(B), you may file exceptions to the recommendation of the Administrative Law Judge by filing an original and ten (10) copies of the exceptions with the Commission's Docket Control at the address listed below by 4:00 p.m. on or before:

APRIL 11, 2001

The enclosed is NOT an order of the Commission, but a recommendation of the Administrative Law Judge to the Commissioners. Consideration of this matter has tentatively been scheduled for the Commission's Working Session and Open Meeting to be held on:

APRIL 17, 2001 AND APRIL 18, 2001

For more information, you may contact Docket Control at (602)542-3477 or the Hearing Division at (602)542-4250.


BRIAN C. McNEIL
EXECUTIVE SECRETARY

1 **BEFORE THE ARIZONA CORPORATION COMMISSION**

2 WILLIAM A. MUNDELL
CHAIRMAN

3 JIM IRVIN
COMMISSIONER

4 MARC SPITZER
COMMISSIONER

5
6 IN THE MATTER OF THE APPLICATION OF
WINSTAR WIRELESS, INC. FOR FINANCING
7 APPROVAL

DOCKET NO. T-03670A-00-0446

8 DECISION NO. _____

9 **ORDER**

10 Open Meeting
11 April 17 and 18, 2001
Phoenix, Arizona

12 **BY THE COMMISSION:**

13 On June 27, 2000, Winstar Wireless, Inc. ("Winstar") filed an application with the Arizona
14 Corporation Commission ("Commission") requesting approval, *nunc pro tunc*, of incurring debt
15 obligations. Winstar seeks Commission approval for a pledge of its Arizona assets as part of
16 financing arrangements involving its parent company, Winstar Communications, Inc. ("WCI").

17 On December 15, 2000, Winstar filed an update to its application.

18 On March 19, 2001, the Commission's Utilities Division Staff ("Staff") filed a Staff Report
19 recommending approval of the application without a hearing.

20 Having considered the entire record herein and being fully advised in the premises, the
21 Commission finds, concludes, and orders that:

22 **FINDINGS OF FACT**

23 1. On June 27, 2000, Winstar filed an application with the Commission requesting
24 approval, *nunc pro tunc*, of incurring debt obligations. Winstar seeks Commission approval for a
25 pledge of its Arizona assets as part of financing arrangements involving its parent company, WCI.
26 Winstar is seeking approval to pledge its Arizona assets as part of a credit facility of up to \$1.15
27 billion, which included a \$300 million revolving credit facility and two term loans aggregating \$850
28 million.

2. Winstar is a Delaware corporation authorized to do business in Arizona since 2000.

3. In Decision No. 60397 (September 26, 1997), Winstar was granted a Certificate of Convenience and Necessity to provide competitive intrastate telecommunications services in Arizona.

4. On December 15, 2000, Winstar filed an update to its application. Winstar seeks to add a third term loan to the existing credit facility in the amount of \$200 million, increasing the amount of the facility to \$1.35 billion.

5. The proceeds will be used to repay WCI loans outstanding under a previously existing facility with Lucent as well as for general corporate purposes.

6. On March 19, 2001, Staff filed a Staff Report.

7. According to the Staff Report, as of September 30, 2000, WCI held total assets of approximately \$4.5 billion. Revenues for the nine month period ending September 30, 2000 were approximately \$534 million with a net loss of approximately \$642 million.

8. Staff indicates in its Staff Report that the net losses experienced by WCI are typical of “start-up” telecommunications companies who have made large plant investments prior to acquiring customers.

9. Staff recommends approval, *nunc pro tunc*, of Winstar's application to participate in a pledge of its Arizona assets as part of financing arrangements involving its parent company, pursuant to A.R.S. §40-285. Staff is also recommending approval without a hearing.

CONCLUSIONS OF LAW

1. Applicant is a public service corporation within the meaning of Article XV of the Arizona Constitution and A.R.S. §§ 40-281 and 40-282.

2. The Commission has jurisdiction over Applicant and the subject matter of the application.

3. Approval of Winstar's application is in the public interest.

4. Staff's recommendations in Findings of Fact No. 9 are reasonable and should be adopted.

...

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ORDER

IT IS THEREFORE ORDERED that Winstar Wireless Inc.'s application for financing approval *nunc pro tunc*, is granted.

IT IS FURTHER ORDERED that this Decision shall become effective immediately.

BY ORDER OF THE ARIZONA CORPORATION COMMISSION.

CHAIRMAN

COMMISSIONER

COMMISSIONER

IN WITNESS WHEREOF, I, BRIAN C. McNEIL, Executive Secretary of the Arizona Corporation Commission, have hereunto set my hand and caused the official seal of the Commission to be affixed at the Capitol, in the City of Phoenix, this ____ day of _____, 2001.

BRIAN C. McNEIL
EXECUTIVE SECRETARY

DISSENT _____
SG:mlj

1 SERVICE LIST FOR:

WINSTAR WIRELESS, INC.

2 DOCKET NO.:

T-03670A-00-0446

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